

**COUNTY OPTION INCOME TAX (COIT)**

IC 6-3.5-6

ACCT. NO. 1000-700010

**TAXPAYER:** An individual who resides in a taxing county, or an individual who maintains his principal place of employment or business in a taxing county (as of January 1 of the calendar year in which the individual's taxable year commences) but does not reside in a county that imposes the County Adjusted Gross Income Tax, the County Option Income Tax, or the County Economic Development Income Tax.

**COUNTY RESIDENCY DETERMINATION:** If a taxpayer changes the location of his residence to another county in Indiana during a calendar year, his liability for COIT will not be affected. However, if a taxpayer changes his residence to a county in which the individual begins employment or business at a qualified economic development tax project (IC 36-7-27-9), the individual's adjusted gross income, attributable to employment or business at the qualified economic development tax project, is immediately taxable by the new county instead of being taxable beginning January 1 of the following calendar year.

**PRINCIPAL PLACE OF EMPLOYMENT OR BUSINESS DETERMINATION:** If a taxpayer changes the location of his principal place of employment or business to another county in Indiana during a calendar year, his liability for COIT will not be affected. However, if a taxpayer changes his principal place of employment or business to a qualified economic development tax project (IC 36-7-27-9), and does not reside in another county in which COIT is in effect, the individual's adjusted gross income attributable to employment or business at the qualified economic development tax project is immediately taxable by the new county, instead of being taxable beginning January 1 of the following calendar year.

**TAX BASE:** Indiana Adjusted Gross Income.

**DEDUCTIONS AND EXEMPTIONS:** Identical to those for state Adjusted Gross Income Tax.

**CREDITS:** A portion of the Federal Credit for Elderly and Totally Disabled, and credit for taxes imposed by governmental entities outside of Indiana.

**RATE:** 0.2% initially for resident county taxpayers (according to the election of each county income tax council) increasing by 0.1% each year until the rate equals 0.6%. After reaching 0.6%, the county income tax council may pass an ordinance to increase the tax rate by 0.1% each year until reaching a maximum tax rate of 1%. County income tax councils, by ordinance, may also decrease or freeze their COIT rates.

The COIT rate in effect for nonresident county taxpayers is at all times one-fourth of the tax rate imposed upon resident county taxpayers.

**PROCEDURE:** COIT is paid to the Department of State Revenue at the same time as the state's Individual Adjusted Gross Income Tax.

**ADMINISTRATION:** Income Tax Division, Department of State Revenue.

**CERTIFIED DISTRIBUTION:** The amount of COIT revenue to be distributed to counties during an ensuing calendar year equals the amount of revenue the Department of State Revenue, based on State Budget Agency recommendation, determines has been reported and actually received from the county for a taxing year ending before the calendar year in which the determination is made. The amount is determined based on reported collections less any refunds made for overcollection of the tax before July 1, of the current year. This amount, with accounted refunds, is as reported and processed by the Department of State Revenue in the state fiscal year ending before July 1 of the calendar year in which the determination is made.

Before August 2 of the immediately preceding calendar year, the Department of State Revenue, after reviewing the recommendations of the State Budget Agency, certifies to the county auditor of each adopting county the amount of COIT revenue that was reported and processed (less refunds) from that county one year previous to the ensuing calendar year.

**ADJUSTMENTS TO CERTIFIED DISTRIBUTION:** The Department of State Revenue may certify to an adopting county an amount that is less than the amount reported and processed if the Department, after reviewing the recommendations of the State Budget Agency, determines that such action is necessary to offset overpayments made in previous calendar year certified distributions.

Effective June 1, 2003, before October 2, the Department of State Revenue determines, with Budget Agency recommendation, if sufficient balance exists in the county account in excess of the amount necessary when added to other money deposited in the account after the date of recommendation for certified distributions to the county in the ensuing year. Any excess balance is placed in a supplemental distribution in January following the determination. The supplemental distribution must be allocated the same way as certified distributions, but is deposited in the county civil taxing unit's rainy day fund.

**DISTRIBUTION OF REVENUE:** COIT revenue received by the county auditor can be used for the following purposes: (1) to replace property tax revenue lost by taxing units and school corporations due to the allowance of an increased homestead credit; (2) to fund the operation of public communications systems and computer facilities districts; (3) to fund the operation of public transportation corporations; (4) to finance certain economic development project bonds; (5) to fund certain redevelopment initiatives in Marion County; and (6) to make allocations of distributive shares to civil taxing units.

The amount of distributive shares that each civil taxing unit in a county is entitled to receive each month is equal to its share of the property taxes imposed in the county by civil units (except in Marion County). For Marion County, COIT revenues are distributed according to the schedule in IC 6-3.5-6-18.5, with any excess money distributed to those units whose share of property taxes imposed is greater than its respective factor listed in IC 6-3.5-6-18.5.

Effective January 1, 2000, in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for its welfare and welfare administration fund, will be used in calculating certified distributions. In the case of a county containing a consolidated city, an amount equal to the property taxes imposed by the county in 1999 for its welfare administration fund, will be used in calculating certified shares.

**ALLOCATION:** One-twelfth of the certified distribution is allocated to each county treasurer on the first day of each month from a COIT special county account within the state General Fund.

**County Option Income Tax (COIT)  
Certified Distributions and Rates**

| <b>County</b>  | <b>FY 2004<br/>% Rate</b> | <b>CY 2003 Cert.<br/>Distribution</b> | <b>CY 2004 Cert.<br/>Distribution</b> |
|----------------|---------------------------|---------------------------------------|---------------------------------------|
| 1 ADAMS        | 0.600                     | 3,310,276                             | 2,799,524                             |
| 2 ALLEN        | 0.600                     | 39,976,751                            | 35,980,836                            |
| 3 BOONE        | 1.000                     | 13,710,222                            | 12,978,635                            |
| 4 DEARBORN     | 0.600                     | 5,294,406                             | 5,122,170                             |
| 5 DELAWARE     | 0.600                     | 11,011,866                            | 10,104,172                            |
| 6 DUBOIS       | 0.600                     | 4,937,137                             | 4,437,528                             |
| 7 FAYETTE      | 1.000                     | 4,004,477                             | 3,454,543                             |
| 8 GRANT        | 1.000                     | 10,909,790                            | 9,819,040                             |
| 9 GREENE       | 1.000                     | 4,408,552                             | 3,967,503                             |
| 10 HAMILTON    | 1.000                     | 83,691,946                            | 66,021,319                            |
| 11 HENRY       | 1.000                     | 8,324,140                             | 7,347,961                             |
| 12 HOWARD      | 0.700                     | 11,899,212                            | 10,947,522                            |
| 13 KNOX        | 0.300                     | 962,000                               | 1,088,619                             |
| 14 KOSCIUSKO   | 0.700                     | 9,906,064                             | 8,915,284                             |
| 15 MADISON     | 1.000                     | 22,188,773                            | 19,970,018                            |
| 16 MARION      | 0.700                     | 117,619,594                           | 110,607,088                           |
| 17 MARTIN      | 0.800                     | 1,167,523                             | 1,099,460                             |
| 18 MIAMI       | 0.600                     | 3,362,346                             | 2,977,051                             |
| 19 MONROE      | 1.000                     | 19,435,910                            | 18,630,936                            |
| 20 MONTGOMERY  | 1.000                     | 5,939,856                             | 5,345,837                             |
| 21 PERRY       | 0.500                     | 1,388,203                             | 1,232,005                             |
| 22 SCOTT       | 1.000                     | 3,099,430                             | 3,021,349                             |
| 23 SPENCER     | 0.300                     | 955,969                               | 921,292                               |
| 24 ST. JOSEPH  | 0.600                     | 28,136,084                            | 26,536,784                            |
| 25 SWITZERLAND | 1.000                     | 1,107,518                             | 1,139,992                             |
| 26 TIPPECANOE  | 0.600                     | 14,944,673                            | 14,563,329                            |
| 27 VANDERBURGH | 1.000                     | <u>31,140,662</u>                     | <u>31,205,744</u>                     |
|                |                           | <b>\$462,833,380</b>                  | <b>\$420,235,541</b>                  |